FACTS ON IMPORTS

The tabulation, "Foreign Crops Displace American Farm Products," credited to the Research Division of the Raw Materials National Council of Sioux City, Iowa, which was inserted in the Congressional Record of January 30, 1939, by the Honorable Bertrand W. Gearhart, and which is reproduced in a poster assembled and published by the National Reclamation Association, contains many errors of fact. Import figures are distorted and exaggerated, so that the conclusions drawn from the tabulation as a whole are entirely erroneous.

The tabulation contains figures for imports during 1935, 1936, and 1937 for 32 products or product groups which are designated as "agricultural," and 7 product groups listed as "nonagricultural." For these items, it shows the quantity of imports, the foreign value in dollars, the "United States displacement" in dollars, and the number of "United States acres to produce." On the basis of the tabulation, the poster implies two principal conclusions: (1) that the totals shown as "United States acres to produce" (73 million acres in 1935, 75 million in 1936, and 87 million in 1937) represent United States "acres which might have been planted" in those years had the imports in question been kept out; and (2) that the imported commodities may have entered the United States in large quantities during the years shown because the tariffs on these commodities had been lowered.

A few of the major errors in the table are as follows:

(1) The table includes as agricultural such items as shoes, gloves, chemicals, and cotton manufacturers, in which the interest of American farmers is exclusively that of consumers. The industrial tariffs on these products tend to increase the prices farmers must pay for the things they buy which results in fewer purchases. By thus decreasing the foreign supply of dollars, the tariffs also tend to decrease the prices farmers obtain for the products they sell. These items have never been classified as agricultural in serious analyses of our foreign trade. Their omission would greatly decrease the totals shown in the tabulation.

(2) The so-called "United States displacement" by the commodities listed in the table appears to have been obtained by tripling the official import values. Presumably this was done because import values are taken from invoices and do not, therefore, include freight costs and duty charges. There is no single factor which can be applied to the value of all imports in order to arrive at their United States valuation.

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If such a factor could be computed, it would certainly be much lower than three. Even for a product where a tariff of 100 percent (much higher than the average) is fully effective in raising United States prices, the factor to use in arriving at the United States valuation would be only a very small fraction above two. In the case of some products, such as dyes (included with chemicals), the figures shown as "foreign values" are actually United States values and should not have been raised at all. For most products, the correct factor to apply in determining United States values would be considerably less than two, and only rarely could it reach the figure three, which is applied to nearly all products in the tabulation.

(3) Figures shown in the table for several commodity groups are arbitrarily large. Thus, the quantity of hay shown is exactly one thousand times the amount actually imported. In the case of condensed and dried milk, the table carries the figure $1,133,000 for the years 1936 and 1937, explaining that the 1935 figure is used as an average. The true 1935 value of imports of condensed and dried milk was $218,000, about one-fifth of the figure in the table.

Other errors may be observed by comparing the data in the attached corrected table of certain agricultural imports with those shown in the Raw Materials National Council table. The corrected table also brings out the fact that imports of most of the products in question were greatly reduced in 1938 and, in some cases, were higher on the average during the five years, 1926-1930, than during any single year of the 1935-1937 period.

But even if the figures relied upon by the National Reclamation Association were correct, the general conclusion drawn with regard to the relation of agricultural imports to our farm situation would not be correct.

First, with regard to the conclusion that the commodities listed in the table may have entered the United States in large quantities during 1935, 1936, and 1937 because our tariffs had been lowered, it need only be pointed out that the great majority of these imports paid the full rates of duty provided for them in the Tariff Act of 1930. The largest agricultural item upon which United States duties have been reduced under the Reciprocal Trade Agreements Program is sugar. The sugar duty reduction was associated with a quota on imports, and the quantities entered during the three years shown in the table were from a quarter to a third less than the average for the five years, 1926-1930. It should be pointed out that at the same time the sugar duty was reduced, provision was made for payments to farmers under the Sugar Program. The net result of the quota-benefit payment program was that domestic sugar beet producers actually enjoyed greater protection than was the case before the duty was lowered. Equally important is the fact that each additional acre planted to sugar beets reduces our export market for the equivalent of 3 acres of cotton, 3 acres of corn, or

6 acres of wheat. The exclusion of foreign sugar would result in a considerable loss of tariff revenue to the Federal Government. As for the commodities other than sugar, it is only necessary to point out that less than seven percent of the increase in all supplementary United States agricultural imports other than sugar between 1932 and 1937 occurred in products upon which duties had been reduced by the Reciprocal Trade Agreements. Furthermore, not all of even this small proportion of the increase was due to the duty reductions, as is evident from the fact that much of it disappeared during the general fall in imports which took place during 1938.

Perhaps the most fundamental error in connection with the table, however, is connected with the concept of "displacement." By and large, imports do not "displace" United States farm products. Certainly they do not represent United States acres which might have been planted had they been kept out. Agricultural imports of types which supplement United States farm production may be divided into two general groups. The first group, ordinarily by far the larger, includes such products as sugar, hides and skins, tobacco, and wool, of which we are unable in the United States to produce either sufficient quantities or the necessary varieties to satisfy domestic requirements. The second group includes such things as corn, wheat, cured pork and a number of other commodities, of which we ordinarily produce more than enough to supply domestic requirements and which are not imported to any significant extent except in years of domestic shortage due to crop failures. Even in such years, imports of these commodities amount to only a small fraction of the shortage and are rarely if ever an appreciable percentage of total domestic production. Upon reflection it becomes apparent that each of these types of imports is of vital importance to the economic welfare of the United States and that neither of them may properly be said to "displace" domestic farm production. Without the first group, the standard of living of the American people would be greatly reduced and there would be little or no corresponding benefit to American producers. Without the second group, occasional shortages of food and feedstuffs due to drought or other causes of crop failure would be greatly accentuated. Furthermore, failure to import these commodities would have no effect on current production for it would be impossible for farmers to increase production until the next producing season, when the crop shortage would probably be changed into a surplus and imports of this group of products reduced to a mere trickle.

Imports of the first group tend to be high during periods of a high general level of economic activity in the United States and tend to be low during a depression. Imports of the second group tend to vary inversely with domestic production of the crops in question. The three years, 1935-36-37, were marked by a relatively high level of domestic economic activity and by great shortages in certain domestic supplies due to drought. Hence, imports of both groups were at exceptionally high levels. They were at relatively low levels during 1938.

There is another aspect of the question of the "displacement" of American acres of imports which it is important to remember. United States agriculture as a whole is on an export basis. It has been estimated that 50 to 60 million acres were used to produce our export crops during the period just preceding the depression, beginning around 1929, while the exclusion of all supplementary agricultural imports could have given possible employment to less than 10 million acres. The attempt to exclude supplementary imports would tend to decrease our farm exports both because it would decrease the dollar-purchasing power available to foreigners and because it would lead to reprisals by foreign countries against our own export products. The farmers of this country would stand to lose more acreage because of the decreased exports than they would gain due to decreased imports.

United States: Imports for consumption of specified agricultural commodities, average 1926-30 and annual 1935-1938

Commodity Imported	Unit	Year Ended December 31									
		Average 1926-30 1/		1935		1936		1937		1938 Preliminary	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
		Thousands	1,000 dollars	Thousands	1,000 dollars	Thousands	1,000 dollars	Thousands	1,000 dollars	Thousands	1,000 dollars
Cattle (dutiable)	Head	378	13,523	365	8,497	399	10,708	495	16,312	424	9,111
Dairy products-											
Butter	Lb.	5,279	1,834	22,675	3,577	9,874	2,016	11,111	2,509	1,624	425
Cheese	Lb.	76,862	22,162	48,933	11,201	59,849	12,717	60,650	12,809	54,432	11,542
Milk, condensed, dried, etc.	Lb.	8,005	999	3,346	218	26,829	1,289	4,478	271	820	90
Dried eggs-											
Whole	Lb.	1,269	674	602	172	533	162	601	183	205	69
Albumen	Lb.	3,199	1,677	1,876	824	2,358	958	2,844	1,048	718	282
Yolks	Lb.	5,128	2,085	3,953	498	4,902	763	5,426	970	338	71
Total			4,436		1,494		1,883		2,201		422
Meats and meat products-											
Beef, canned including corned	Lb.	2/ 51,206	2/ 6,458	76,263	5,565	87,804	8,334	88,097	9,172	78,597	8,397
Other meats & meat products	Lb.	93,576	26,898	38,796	13,613	64,694	17,231	103,820	30,666	69,653	21,381
Total		144,782	33,356	115,059	19,178	152,498	25,615	191,917	39,838	148,250	29,778
Oils, fats & greases, animal-											
Tallow	Lb.	3/ 10,629	3/ 1,043	245,851	13,104	78,694	4,123	14,503	828	1,304	52
Other oils & fats, animal		4/	1,261	4/	2,085	4/	1,295	4/	1,018	4/	512
Total			2,304		15,189		5,418		1,846		564
Hides & skins (agri.) 5/	Lb.	6/ 447,460	6/ 118,003	300,800	45,198	307,827	54,287	308,749	70,466	179,273	29,395
Wool, unmanufactured-											
Free in bond for use in carpets	Lb.	7/ 122,882	7/ 30,836	154,099	20,798	134,774	23,281	166,475	45,013	70,021	12,557
Dutiable	Lb.	7/ 128,212	7/ 48,828	48,634	9,127	122,951	29,983	159,560	51,332	34,253	10,045
Total	Lb.	7/ 251,094	7/ 79,664	202,733	29,925	257,725	53,264	326,035	96,345	104,274	22,602

United States: Imports for Consumption of specified agricultural commodities, average 1926-30 and annual 1935-1938

Commodity Imported	Unit	Year Ended December 31									
		Average 1926-30 1/		1935		1936		1937		1938 Preliminary	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
		Thousands	1,000 dollars	Thousands	1,000 dollars	Thousands	1,000 dollars	Thousands	1,000 dollars	Thousands	1,000 dollars
Cotton, unmanufactured (478 lb.)	Bale	381	42,663	105	7,053	221	11,997	281	16,592	223	9,615
Hemp, unmanufactured	Ton	1,708	549	927	265	753	239	1	221	1	168
Fruits & preparations-											
Bananas	Bunch	61,887	34,435	55,019	28,034	58,302	28,675	66,587	31,441	59,243	28,798
All other fruits & preparations		4/	21,754	4/	11,111	4/	12,658	4/	15,987	4/	12,818
Total			56,189		39,145		41,333		47,428		41,616
Barley grain	Bu.	7/ 123	7/ 43	4,840	3,748	8,144	6,887	10,384	9,564	126	71
Barley malt	Lb.	7/ 1,608	55	320,623	9,043	301,767	7,162	371,243	11,313	100,576	2,825
Corn grain	Bu.	1,808	1,452	43,242	20,292	31,471	16,082	86,337	56,184	404	258
Oats grain	Bu.	205	102	10,107	2,939	149	54	58	35	7	5
Rye grain	Bu.	7/ 2	7/ 1	9,643	4,755	3,889	2,447	207	181	8/	8/
Wheat grain-											
For grinding in bond and export	Bu.			11,431	9,290	13,321	11,932	9,032	9,834	3,781	2,503
Other (dutiable)	Bu.			27,439	21,072	39,669	36,193	8,684	9,949	48	39
Total		15,858	18,574	38,870	30,362	52,990	48,125	17,716	19,783	3,829	2,542
Hay	Ton	133	1,253	67	665	74	544	146	1,099	19	142
Cottonseed oilcake and meal	Lb.	9/ 32,923	9/ 441	59,744	669	27,370	283	41,952	478	6,591	57
Coconut Oilcake and meal	Lb.	34,570	459	103,738	1,007	90,944	698	143,853	1,829	85,513	874
Oils & fats vegetable, expressed											
Edible-											
Cottonseed oil	Lb.	10/	10/	166,687	8,830	127,787	7,371	194,031	11,958	77,500	3,411
Olive oil	Lb.	85,247	14,812	70,789	8,758	60,972	7,437	48,343	8,988	71,086	9,786
Other edible	Lb.	9,322	753	160,158	7,845	129,415	7,668	148,517	9,862	57,447	2,773
Total	Lb.	94,569	15,565	397,634	25,483	318,174	22,476	390,891	30,808	206,033	15,970

United States: Imports for consumption of specified agricultural commodities, average 1926-30 and annual 1935-1938

Commodity Imported	Unit	Year Ended December 31									
		Average 1926-30 1/		1935		1936		1937		1938 Preliminary	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
		Thousands	1,000 dollars	Thousands	1,000 dollars	Thousands	1,000 dollars	Thousands	1,000 dollars	Thousands	1,000 dollars
Inedible -											
Coconut oil	Lb.	311,798	23,500	353,406	12,577	322,065	12,227	337,376	19,889	363,941	11,401
Palm oil	Lb.	201,839	13,209	297,579	8,574	338,789	11,631	411,112	15,835	271,325	9,125
Tung oil	Lb.	105,575	12,367	120,059	13,131	134,830	17,838	174,885	20,100	107,456	11,923
Other inedible	Lb.	4/	17,299	4/	19,070	4/	21,131	4/	25,384	4/	10,146
Total			66,375		53,352		62,827		81,208		42,595
Flaxseed	Bu.	19,771	36,794	17,560	15,623	15,365	17,653	28,032	35,207	15,364	19,872
Sugar, cane (2,000 lb.)	Ton	4,235	207,306	2,954	133,475	2,968	157,930	3,196	168,248	2,974	130,400
Molasses	Gal.	294,575	14,890	249,521	12,512	252,686	13,597	312,331	17,459	189,556	10,315
Tobacco, unmanufactured	Lb.	77,013	57,018	63,296	25,762	67,519	29,880	71,703	31,923	71,406	36,028
Tapioca, sage & arrowroot	Lb.	139,624	3,740	231,430	4,731	310,465	6,228	471,610	9,067	248,336	4,335
Wines	Gal.	39	93	2,771	8,781	3,636	11,465	3,817	10,432	3,429	8,511

1/ General imports except as otherwise noted.
2/ Includes a small amount of "meats canned, other than beef."
3/ Average for years 1928-30.
4/ Reported in value only.
5/ Beginning 1936, excludes the weight of "other hides and skins" which are reported in pieces only.
6/ Includes a small amount of reptile and fish skins.
7/ Imports for consumption.
8/ Less than 500.
9/ Average for 1929 and 1930.
10/ If any, included in "other edible oils".

Compiled from Statistical Abstract of the United States, 1937, and official records of the Bureau of Foreign and Domestic Commerce.

Foreign Agricultural Service.
2/18/39